



Senate

General Assembly

File No. 114

January Session, 2013

Substitute Senate Bill No. 928

Senate, March 25, 2013

The Committee on Public Safety and Security reported through SEN. HARTLEY, J. of the 15th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PRECIOUS METALS OR STONES DEALERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 21-100 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) No person may engage in or carry on the business of purchasing
4 gold or gold-plated ware, silver or silver-plated ware, platinum ware,
5 watches, jewelry, precious stones, bullion or coins unless such person
6 is licensed as a precious metals or stones dealer by the licensing
7 authority of the municipality in which such person intends to carry on
8 such business; except that the provisions of this subsection shall not
9 apply to the purchase of such items from a wholesaler by a
10 manufacturer or retail seller whose primary place of business is located
11 in this state. Such person shall pay an annual fee of ten dollars for such
12 license. The license may be revocable for cause, which shall include,
13 but not be limited to, failure to comply with any requirements for
14 licensure specified by the licensing authority at the time of issuance.

15 The licensing authority shall refuse to issue a license under this
16 subsection to a person who has been convicted of a felony and may
17 require any applicant for a license to submit to state and national
18 criminal history records checks. If the licensing authority requires such
19 criminal history records checks, such checks shall be conducted in
20 accordance with section 29-17a. For the purposes of this subsection
21 "wholesaler" means a person in the business of selling tangible
22 personal property to be resold at retail or raw materials to be
23 manufactured into suitable forms for use by consumers.

24 (b) Any person who wilfully engages in the business of a precious
25 metals or stones dealer unless licensed in accordance with this section
26 or after notice that such person's license has been suspended or
27 revoked shall be guilty of a class D felony.

28 [(c) Each such licensee shall keep a record in which such licensee
29 shall note at the time of each transaction a description of the property
30 purchased and the price paid for them, the name and address of the
31 person selling the goods and the date and hour any such property was
32 received. Each such licensee shall demand positive identification from
33 the person selling the article and the type or form of identification
34 received shall be noted in the record.]

35 (c) No licensee shall purchase gold or gold-plated ware, silver or
36 silver-plated ware, platinum ware, watches, jewelry, precious stones,
37 bullion or coins without receiving proof of the identity of the person
38 selling the property if such person is not a wholesaler. Such
39 identification shall include a photograph, an address, if available on
40 the identification, and an identifying number, including, but not
41 limited to, date of birth.

42 (d) (1) Each licensee shall maintain a record-keeping system in
43 which shall be entered in English, at the time the licensee purchases
44 any gold or gold-plated ware, silver or silver-plated ware, platinum
45 ware, watches, jewelry or precious stones, a description of such
46 property and the name, the residence address, the proof of identity as
47 required by this section and a general description of the person from

48 whom, and the date and hour when, such property was purchased and
49 in which, if the property does not contain any identifiable numbers or
50 markings, shall be included a digital photograph of such property.
51 Except as provided in subsection (f) of this section, the description of
52 any such property purchased by a licensee under this section shall
53 include, but not be limited to, all distinguishing marks, names of any
54 kind, including brand and model names, model and serial numbers,
55 engravings, etchings, affiliation with any institution or organization,
56 dates, initials, color, vintage or image represented.

57 (2) Any licensee who purchases bullion or coins shall, at the time of
58 such purchase, enter in such record-keeping system in English a
59 description of the bullion or coins purchased and the name, the
60 residence address, the proof of identity as required by this section and
61 a general description of the person from whom, and the date and hour
62 when, such bullion or coins were purchased.

63 (3) Each entry in such record-keeping system shall be numbered
64 consecutively. Such number shall be visible in any digital photograph
65 required under subdivision (1) of this subsection and shall be retained
66 with the property purchased or received until the sale or other
67 disposition of such property.

68 (e) Any state police officer or municipal police officer shall have
69 access to [the] any record required to be kept under this section and
70 may inspect the place where the business is carried on as well as any
71 [goods] property purchased or received. Any state police officer or
72 municipal police officer who performs such an examination may
73 require any employee on the premises to provide proof of such
74 employee's identity. All records maintained pursuant to this section
75 shall be retained by the licensee for not less than two years. The
76 licensee shall maintain a place of business within this state, at which
77 the [goods] property purchased or received and the required records
78 shall be available for such inspection.

79 (f) The licensing authority may provide for an exemption from the
80 requirements of subsections (d) and (e) of this section, or establish

81 additional or different requirements concerning the description of any
82 property purchased by a licensee, upon consideration of the nature of
83 the property, transaction or business, including, but not limited to,
84 articles in bulk lots or articles of minimal value.

85 [(d)] (g) No licensee may purchase any property from a minor
86 unless such minor is accompanied by a parent or guardian.

87 [(e)] (h) Each such licensee may only pay for property received by
88 check or money order and no cash shall be transferred to either party
89 in the course of a transaction subject to the provisions of this section.
90 The licensee shall retain the electronic copy of such check or other
91 record issued by the financial institution that processed such check,
92 and such copy or record shall be subject to inspection in accordance
93 with this section as part of the record-keeping system. The licensee
94 shall indicate on each such instrument the number or numbers
95 associated with such property in the record-keeping system required
96 to be maintained pursuant to this section. Any licensee who pays cash
97 or cashes a check or money order shall be guilty of a class A
98 misdemeanor. No licensee may advertise that he or she will pay for
99 property received with cash.

100 [(f)] (i) Any precious metals or stones dealer who was licensed in
101 any city or town as a pawnbroker pursuant to section 21-40 on March
102 31, 2011, and who continues to hold such license, may pay for property
103 received pursuant to a precious metals or stones dealer license issued
104 in accordance with this section in the manner authorized under section
105 21-42 until July 1, 2021, provided such precious metals or stones dealer
106 complies with all other provisions of this section relating to precious
107 metals or stones dealers.

108 [(g)] (j) At the time of making any purchase each licensee shall
109 deliver to the person selling property a receipt containing the
110 information required to be recorded in subsection [(c)] (d) of this
111 section, the amount paid for any property sold and the name and
112 address of the purchaser.

113 [(h) Upon request of the licensing authority each such licensee shall
114 make a weekly sworn statement, describing the goods received and
115 setting forth the name and address of each person from whom goods
116 were purchased, to the licensing authority of each municipality in
117 which the licensee transacted business that week. Such sworn
118 statement shall not be deemed a public record for the purposes of the
119 Freedom of Information Act, as defined in section 1-200.]

120 (k) Each licensee shall submit to the licensing authority, on a weekly
121 basis or more frequently at the option of the licensee, a sworn
122 statement of his or her transactions, describing the property purchased
123 and setting forth the nature and terms of the transaction and the name
124 and residence address and a description of the person from whom the
125 property was purchased. Such statement shall be in an electronic
126 format prescribed by the licensing authority. The licensing authority
127 may grant exemptions from the requirement of submitting such
128 statements in an electronic format for good cause shown. Such sworn
129 statement shall not be deemed a public record for the purposes of the
130 Freedom of Information Act, as defined in section 1-200.

131 (l) No licensee shall sell or dispose of any property, other than
132 bullion or coins, acquired in any transaction in the course of business
133 in less than ten days after the date of the submission of the statement
134 concerning such transaction in accordance with subsection (k) of this
135 section. Upon the sale or disposition of any property, such licensee
136 shall, if such property is not sold at retail at the place of business of
137 such licensee, include a record of such sale or disposition in the record-
138 keeping system required by this section.

139 (m) Whenever property is seized from the place of business of a
140 precious metals or stones dealer by a law enforcement officer, the
141 officer shall give the dealer a duly signed receipt for the property
142 containing a case number, a description of the property, the reason for
143 the seizure, the name and address of the officer, the name and address
144 of the person claiming a right to the property prior to the dealer and
145 the name of the dealer. If the dealer claims an ownership interest in

146 such property, the dealer may request the return of such property by
147 filing a request for such property with the law enforcement agency in
148 accordance with the provisions of section 54-36a. If the seller of any
149 property purchased by the dealer is convicted of any offense arising
150 out of the dealer's acquisition of the property and the dealer suffered
151 an economic loss as a result of such offense, the court may, at the time
152 of sentencing, order restitution to the dealer pursuant to subsection (c)
153 of section 53a-28, which order may be enforced in accordance with
154 section 53a-28a.

155 [(i)] (n) Any person who violates any provision of this section, for
156 which no other penalty is provided, shall be fined not more than one
157 thousand dollars.

158 Sec. 2. Section 21-46a of the general statutes is repealed and the
159 following is substituted in lieu thereof (*Effective October 1, 2013*):

160 Whenever property is seized from the place of business of a
161 pawnbroker [or precious metals or stones dealer] by a law enforcement
162 officer, such officer shall give the pawnbroker [or precious metals or
163 stones dealer] a duly signed receipt for the property containing a case
164 number, a description of the property, the reason for the seizure, the
165 name and address of the officer, the name and address of the person
166 claiming a right to the property prior to the pawnbroker [or precious
167 metals or stones dealer] and the name of the pawnbroker. [or precious
168 metals or stones dealer.] If the pawnbroker [or precious metals or
169 stones dealer] claims an ownership interest in such property, he or she
170 may request the return of such property by filing a request for such
171 property with the law enforcement agency in accordance with the
172 provisions of section 54-36a. If the person who deposited, pledged or
173 sold any property received by a pawnbroker [or dealer] is convicted of
174 any offense arising out of such pawnbroker's [or dealer's] acquisition,
175 retention or disposition of the property and such pawnbroker [or
176 dealer] suffered an economic loss as a result of such offense, the court,
177 at the time of sentencing, may order restitution to such pawnbroker [or
178 dealer] pursuant to subsection (c) of section 53a-28 and such order may

179 be enforced in accordance with section 53a-28a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	21-100
Sec. 2	<i>October 1, 2013</i>	21-46a

Statement of Legislative Commissioners:

Section 1 was reorganized to ensure clarity and conciseness.

PS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$
Department of Emergency Services and Public Protection	GF - Potential Revenue Gain	Less than \$10,000	Less than \$10,000

Municipal Impact: None

Explanation

The bill, which makes changes to the information that precious metals and stones dealers must collect and retain, is expected to result in a potential revenue gain of less than \$10,000 arising from a \$1,000 fine for violations of the new requirements. The revenue gain from fines is expected to be less than \$10,000 as violations of similar regulations for pawn brokers have generated less than \$1,000 in revenue since 2001.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future.

OLR Bill Analysis**sSB 928*****AN ACT CONCERNING PRECIOUS METALS OR STONES DEALERS.*****SUMMARY:**

This bill requires licensed precious metals or stones dealers (dealers) to record and retain additional information about property acquired from people other than wholesalers.

By law, dealers are (1) people primarily engaged in the business of purchasing gold or gold-plated ware, silver or silver-plated ware, platinum ware, watches, jewelry, precious stones, bullion, or coins and (2) licensed by the police chief, or for any city or town that does not have an organized local police department, the emergency services and public protection commissioner.

The new requirements primarily concern (1) property acquisition records and (2) information dealers must periodically supply to the licensing authorities. The bill exempts bullion and coin sales from certain new recording and retention requirements required for other property.

The bill also (1) allows police officers examining records on-site to require employees to provide identification and (2) establishes a two-year record retention period. By law, police officers may already examine records on-site.

Those violating the new requirements are subject to fines of up to \$1,000 and existing licensing penalties (i.e., license revocation).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2013

SELLER IDENTIFICATION

Under current law, a dealer is required to demand “positive identification” from anyone selling property. The bill instead requires the identification to include a photograph; an address, if available on the identification; and an identifying number, including date of birth.

RECORD-KEEPING

Under current law, dealers are required to keep records noting the time of each transaction, with a description of the (1) purchased property and the price paid, (2) name and address of the person selling the goods, and (3) date and hour the property was purchased. Dealers must note the type or form of identification in the record.

Precious Metals and Stones

The bill expands the record-keeping requirements for selling gold or gold-plated ware, silver or silver-plated ware, platinum ware, watches, jewelry, or precious stones. It requires dealers to maintain a consecutively numbered record-keeping system with entries recorded in English at the time of purchase. In addition to the information described above, records in the system must contain a (1) general description of the seller, along with proof of identity and (2) digital photograph of any item without identifiable numbers or markings. The bill specifies that the address dealers record must be the seller’s home address and requires them to keep the records for at least two years.

Property Description. Under the bill, the record’s property description must include:

1. all distinguishing marks, engravings, and etchings;
2. names of any kind, including brand and model;
3. model and serial numbers;
4. affiliation with any institution or organization;

5. dates;
6. initials;
7. color;
8. vintage; and
9. image represented.

Digital Photographs. The bill requires a digital photograph of property that does not have any identifiable numbers or markings. A number corresponding to the number assigned to the property's entry in the record-keeping system must be visible in the photograph and remain attached to the property until its disposition or sale.

Bullion and Coins

For bullion and coin sales, in addition to the requirements under current law, the bill requires dealers to keep the record in English, be consecutively numbered, and include the seller's general description.

Recordkeeping Exemptions

The licensing authority may exempt dealers from any record-keeping or police officers from any inspection requirement or establish additional or different description requirements depending on the nature of the property, transaction, or business, including articles sold in bulk lots or with minimal value. It is unclear how the licensing authority will exempt police officer inspections or identification checks.

PAYMENT RECORDS

By law, dealers may pay for acquired property only by check or money order. The bill requires dealers who pay by check to retain its electronic copy or other record issued by the financial institution that processes it. The copy is subject to inspection as part of the dealer's record-keeping system, and presumably includes the record-keeping applicable to bullion and coin sales. Dealers must indicate the number or numbers associated with the property in the record-keeping system

on the checks or money orders.

Existing law bars dealers from paying sellers in cash or cashing checks or money orders. A violation is a class A misdemeanor, which is punishable by up to a \$2,000 fine, up to one year's imprisonment, or both.

Customer Receipts

By law, at the time of purchase, a dealer must provide the seller a receipt containing the required record-keeping information, amount paid for any property sold, and the purchaser's name and address. The bill requires the receipt to include the new information dealers must enter into their own records.

WEEKLY REPORT

Under current law, at the request of the licensing authority, dealers must submit weekly sworn reports describing the property purchased, including the seller's name and address. The bill makes this reporting requirement mandatory, and gives dealers the option to submit them more often. It requires reports to also include a description of the person from whom the property was purchased and the nature and terms of each transaction. The bill allows the licensing authority to (1) prescribe the report's electronic format and (2) grant exemptions for good cause. As under current law, the sworn statements are not public records for Freedom of Information Act purposes.

SALE OF PROPERTY

The bill prohibits dealers from selling or disposing of property, other than bullion or coins, acquired in any transaction within 10 days after submitting their report to the licensing authority. If any property is sold outside the retail premises, the dealer must, upon sale or disposition, record it in the record-keeping system.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/07/2013)